MANAGING COMPETITIVENESS IN XXI CENTURY: EFFECTIVE BUSINESS INSTRUMENTS

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Abstract: The article is dedicated to the issues of managing competitiveness in the modern age of globalization, technology and innovation. The purpose of the paper is to analyze the influence of factors of competitiveness and offer effective tools for companies to create competitive advantages.

Keywords: business; competitiveness; external environment; internal environment; cooperation; merger and acquisition; strategic leadership.

Securing national business competitive power – is the problem which both business representatives and government authorities are in search of the solution to. First and foremost companies tend to consolidate their positions and secure competitive advantage of their products and their particular enterprise. However in case of potential or real threat to their completive ability concerns the interests of the whole branch, the companies often pass to industry-wide level and work out corporate actions in order to consolidate the positions of the whole economy sector. Speaking of a national competitiveness a state, first and foremost, means competitiveness of national economy in whole, understanding that for that end there is a need for competitive branches, enterprises and products.

The present study intends to examine the idea and factors of business competitiveness, so that to offer a range of tools which will be the most effective in competitiveness control on the level of companies in the near decade.

The term "competitiveness" during the last 20 years became rather actual because a great number of new countries entered the circle of the world economy so economical competition among countries has strengthened (Кит, 2006).

The actuality and complexity of the problem can be confirmed by the fact that the questions of competitive ability are considered by economists of different specializations and are set out in various economic disciplines. Thus, competitive goods is mainly marketing field of research, which educe essential consumer qualities and terms of goods proposal in the market with a view to ensuring great demand for it. A competitive company – is the problem of strategic management which allocates the targets of business profitability and its benefits, which are necessary for long-term market presence. The leading researchers in this field consider market share and profitability as the basic criteria (Коваленко, 2009). In such a manner business may not wait for any changes but to create, to provoke them.

The most complete system of sources of competitive advantage of a company was suggested by an English scientist in the field of strategic management R. Grant. One of the approaches he proposed lies in separation of inner and external sources. For example the external sources include shift in consumers' tastes, onset of new goods and services on the market, departures of foreign economic policy of the state, changes of free market prices etc. Yet to the end that the external change frames the calmative advantage, it must render differentiated effect on companies owing to their various resources and responsibilities or strategic positioning (Кит, 2006). The peculiarities of the internal environment of a company, its resources and business processes define the character and rate of response to external changes, that's why the quality of internal environment also leads to enhancement or loss of competitive ability.

The strategy generation on changes of external environment first of all requires external factors classification exercise. Here we can start from the immediate business environment: competitors, consumers, suppliers. The company faces them in day-today work and this fact forces it to keep eyes open and control all possible changes.

Changes in consumer behavior can be connected with descent of shopping ability (for example amid crisis), with appearance of more cheap and / or qualitative substitutes, competitor's new advertising campaign etc (Пилипенко, 2005).

Competitors' actions can be unrespectable. At that a company should take into account not only the acting players, but also the potential new competitors or substitute goods.

Aside from the immediate environment of the company changes in external environment changes can take place in other fields: in economic policy of the nation-state or the consolidated companies' states, in word economy in general, in changes of climate and ecology, in demographic structure and cultural values of the countries where business is conducted etc.

While understanding all the threats and possibilities from the external environment, business needs a set of efficient measures to react adequately. At the present time the generally recognized means in competitive struggle and survival on the market is cooperation. The cooperation in world-practice often results and appearance of more stronger player on the market, who can stay more effectively against external press (Пилипенко, 2005).

At large merger and acquisition across the globe – is, as a rule, reaction of the companies to arising crises and competition stiffening.

Yet we should remember that the strategy of merger and acquisition is not perfect. Business merging can lead to stiffening, complication of processes of development and decision making, excessive diversification and synergy effect decrease.

Strategic alliances widely used nowadays can be an alternative to merger and acquisition – a modern form of intercompany cooperation.

Consolidated firms or the firms which entered an alliance improve their internal resources, methods and processes of management and organization of business due to the following possibilities: access to a partner's knowledge and technologies, co-developing of innovations, exclusion of redundant functions, operating activity optimization, division of powers, etc. These changes in internal environment in addition to external sources give additional competitive advantages which will be considered below.

By all means business external environment is the most important base for searching for competitive advantages. Yet, regardless of all the possibilities of a firm concerning analysis and taking up timely measures while changing the external environment, in some instances all these efforts will be just ineffective.

Scientists-economists have started talking about instability of the external environment and necessity for constructing business competitive ability on the ground of internal resources and competence in the middle 90s of the 20th century. At the heart of this approach lies the fact that a firm– is a special combination of resources and competences, and these resources and competences are the primary determinants of its strategy (Кит, 2006).

Therefore a company should never neglect the significance of internal environment in securing competitiveness and not just work out its quality on behalf of the current business, but to look for the possibilities for use of the resources it has in other, best of all innovative spheres (Коваленко, 2009).

The most important modern characteristics of quality of the inner environment of a company – is availability of knowledge.

Knowledge, created all alone or obtained by a firm, which allow to predict changes, create innovations and take correct strategic decisions give the very same competitive advantage a firm is holding out for. Therefore in the 21 century, the ability to create, exchange and improve knowledge is replaced by possession and / or control over actives as a supreme source of competitive advantage. At the present time it is safe to say that neither resources, whatever valuable they are, nor business-processes wherein interaction of resources takes place the value is created, but special, beyond the reach of copying by competitors, ability to create knowledge is the source of competitiveness.

In recent times factors of internal environment of a company play the decisive role among external and internal sources of competitiveness. Quality and diversity of recourses and business processes, a company's ability to create knowledge and innovations determine the quickness and effectiveness of reaction as for changes in external environment. Strategic leadership, as a new organization management style in the 21st century wherein management direct all human recourses of a company to creation of knowledge and innovations, has the most important meaning in management of internal environment. And it results in business cost increase, market share and level of profitability as the basic indexes of a company's competitiveness.

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